

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 AID-05 MMO-01 PER-01 DEAE-00  
CIAE-00 INR-07 IO-13 JUSE-00 NSAE-00 SNM-02  
TRSE-00 USIA-06 NSC-05 OES-07 OMB-01 AGRE-00 /074 W  
-----042551 100923Z /12

R 091140Z SEP 77  
FM AMEMBASSY KATHMANDU  
TO SECSTATE WASHDC 9501

C O N F I D E N T I A L KATHMANDU 3888

JOINT STATE/USAID MESSAGE

E.O. 11652: GDS  
TAGS: SNAR  
SUBJECT: CONSOLIDATION OF ALL INTERNATIONAL NARCOTICS CONTROL

REF: STATE 193780 KATHMANDU 3788

1. WE WELCOME DECISION TO CONSOLIDATE ALL INTERNATIONAL  
NARCOTICS CONTROL PROGRAM OPERATIONS UNDER S/NM. THIS  
CONSOLIDATION SHOULD ASSIST USG IN DEVELOPING A  
MORE COMPREHENSIVE AND EFFECTIVE APPROACH TO ADDRESS THE  
PROBLEMS OF INTERNATIONAL NARCOTICS CONTROL.

2. AS DEPARTMENT AND AID/W ARE AWARE, NEPAL HAS  
NOT BEEN A MAJOR NARCOTICS PROBLEM FOR THE US TO DATE.  
CANNABIS IS GROWN WILD AND UNDER CULTIVATION AS A CASH  
CROP IN MANY AREAS OF NEPAL. WHILE SOME HASHISH IS  
CONSUMED WITHIN NEPAL, UNKNOWN QUANTITIES OF HASHISH  
AND ITS DERIVATIVES ARE BEING EXPORTED ILLEGALLY  
TO OTHER ASIAN AND EUROPEAN COUNTRIES. THERE IS NO  
HARD EVIDENCE TO DATE, HOWEVER, THAT SUBSTANTIAL  
QUANTITIES OF NEPALESE HASHISH AND ITS DERIVATIVES ARE  
REACHING THE U.S. MARKET. NEVERTHELESS, WE HAVE  
POINTED OUT TO NEPALESE OFFICIALS AT VARIOUS LEVELS ON  
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SEVERAL OCCASIONS THE NEED TO BETTER CONTROL HASHISH  
CULTIVATION AND TO TAKE APPROPRIATE STEPS TO PREVENT  
NEPALESE HASHISH FROM ENTERING INTERNATIONAL MARKETS.

3. RECENTLY WE HAVE LEARNED THAT HMG HAS BEEN CONSIDERING  
THE IDEA OF GROWING OPIUM ON A CONTROLLED BASIS FOR  
EXPORT, IN RESPONSE TO SHOWS OF INTEREST FROM A FEW

COUNTRIES, ONE OF WHICH REPORTEDLY IS THE USSR. WE DO NOT BELIEVE THAT HMG COULD PROVIDE ADEQUATE CONTROLS TO KEEP THIS PRODUCTION OUT OF ILLEGAL MARKETS. THEREFORE, WE HAVE ATTEMPTED TO IMPRESS ON NEPALESE OFFICIALS AT THE HIGHEST LEVELS, INCLUDING THE KING (SEE KATHMANDU 3788), THE SERIOUS CONSEQUENCES A DECISION TO GROW OPIUM MIGHT HAVE ON U.S.-NEPAL BILATERAL RELATIONS, INCLUDING REPERCUSSIONS ON OUR BILATERAL AID PROGRAM.

4. WE BELIEVE THAT IF THE U.S. IS GOING TO HAVE EFFECTIVE INFLUENCE ON HMG IN CURTAILING OR CONTROLLING THE PRODUCTION AND EXPORT OF HASHISH AND IN DISSUADING IT FROM GROWING OPIUM WE WILL HAVE TO PURSUE A CARROT-AND-STICK POLICY. ALTHOUGH THE THREAT OF CURTAILING OUR BILATERAL AID PROGRAM MAY BE USED AS ONE OF THE STICKS IN FORESTALLING HMG FROM GROWING OPIUM, WE ARE NOT SURE HOW EFFECTIVE SUCH A STICK WOULD BE. WE NEED MORE INFORMATION ON THE VARIOUS OPTIONS WE MIGHT USE AS CARROTS FOR BOTH OF THESE CASES. THEREFORE, WE WOULD APPRECIATE DEPARTMENT'S ADVICE ON THE TYPE OF RESOURCES THAT MIGHT BE MADE AVAILABLE TO HMG TO ASSIST IT WITH A CROP SUBSTITUTION/ALTERNATIVE INCOME PROGRAM FOR HASHISH AND IN FORESTALLING THE CULTIVATION OF OPIUM. WE REALIZE THAT HASHISH CULTIVATION IN NEPAL MAY BE VIEWED AS A LOW PRIORITY CLAIMANT FOR THE LIMITED NARCOTICS FUNDS  
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AVAILABLE ON A WORLD-WIDE BASIS. IF THIS IS CASE, WE WOULD BE INTERESTED IN ANY OTHER OPTIONS THE DEPARTMENT MAY BE ABLE TO SUGGEST IF HMG WERE TO ASK FOR OUR HELP AND ASSISTANCE IN CONTROLLING OR ELIMINATING HASHISH PRODUCTION. IN ADDITION, WE WOULD BE INTERESTED IN KNOWING WHAT RESOURCES USG MIGHT BE ABLE TO OFFER TO PROVIDE ALTERNATIVE SOURCES OF INCOME FOR NOT GROWING OPIUM.

5. WE WOULD ALSO LIKE TO RECEIVE FURTHER CLARIFICATION REGARDING AID'S ROLE FOR FORMULATING AND IMPLEMENTING LARGE SCALE CROP AND INCOME SUBSTITUTION PROJECTS. WILL AID STILL HAVE THIS ROLE AFTER OCTOBER 1978? WILL ADDITIONAL FUNDS, OTHER THAN NARCOTICS FUNDS, BE MADE AVAILABLE FOR THIS PURPOSE? SHOULD CURRENT FOOD PRODUCTION BE REDESIGNED TO TAKE INTO ACCOUNT POSSIBLE LARGE SCALE CROP SUBSTITUTION PROGRAMS OR SHOULD AID BE ENCOURAGED TO DESIGN NEW PROJECTS TO DEAL WITH THIS PROBLEM SPECIFICALLY? SHOULD AID HAVE RESPONSIBILITY FOR THESE TYPES OF PROJECTS EVEN IF THEY DO NOT FIT WITHIN ITS CURRENT MANDATE?

7. WHILE WE RECOGNIZE THAT IT MAY BE DIFFICULT TO  
PROVIDE ANSWERS TO ALL OF OUR CONCERNS AND QUESTIONS,  
WE WOULD APPRECIATE ANY GUIDANCE THE DEPARTMENT MAY  
BE ABLE TO OFFER US IN THIS REGARD.  
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## Message Attributes

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